

# Managing Interest Rate Risk

## *Issues and Approach to Managing Earnings at Risk*

March 27, 2012  
2:00 pm – 3:40 pm Central

### Overview

Since the 2010 FFIEC release of the Interagency Guidance on Interest Rate Risk Management, pressure is mounting on Asset/Liability Management teams looking for ways to managing margins while ensuring long-term stable profitability and capital adequacy. The new guidance raises expectations on all institutions for an effective measurement system and process. For many, this means changes in traditional approaches to comply with new expectations.

In this program we explore basic concept of measuring potential effects from interest rate changes on the earnings of the institution. Issues such as cash flow projecting, interest rate forecasts, and other critical assumptions impacting the analysis of income at risk (IAR)

The session compares the traditional approaches to emerging trends and offers specific guidance on how to manage the changing process, including the considerations on Board policy limits. During the session we will explore the primary measurement requirements from data to assumptions. The program will bring a new perspective on bringing the income at risk analysis in line with the budgeting/planning process within your institution.

### Learning Objectives

- Define Income at Risk
- Differentiate between the various measurement systems to assess income at risk
- List 4 key variables involved in accurate measurement of income volatility
- Define 5 key risks Regulators look for in income at risk measurement systems
- Outline basic policy limit framework for income at risk policy

### CPE Credit Hours



Earn up to 2 hours of CPE credit.

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- Level: Basic to Intermediate
- Prerequisites: None
- Advance preparation: Basic ALCO Foundations or equivalent knowledge of ALCO process
- Field of Study: Specialized Knowledge
- Instructional Method: Group Internet Based

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#### Who Should Attend

This session is intended for those with a basic understanding of the income at risk measurement process but who are looking for more in-depth understanding of the changing measurements and required assumptions. This includes: ALCO Members, CFO's, Controllers, CEO's and those wanting a better understanding of new Regulatory requirements on Interest Rate Risk

#### Faculty

David Koch

*Chief Operating Officer, Farin & Associates*

Dave Koch is an industry lecturer and consultant for the financial institution industry. He has delivered educational programs for national and state industry trade groups, in addition to several Federal Home Loan Banks and Corporate Credit Unions. He serves on the faculty of the Graduate School of Banking at the University of Wisconsin and has served as faculty of the CUNA Management School in Madison WI. Since joining Farin in 1993, Mr. Koch has been a frequent speaker on asset/liability and interest rate risk management to financial executives across the country. In addition to the speaking roles, Mr. Koch consults with financial executives to help find creative solutions to their business challenges.

#### Fees:

\$295.00 which includes:

- One phone and one internet connection for the live presentation.
- Handouts and other resource material for attendees.
- Unlimited access for your organization to the recording of the seminar presentation for 90 days after the conclusion of the program.

#### Register

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